

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

KENTUCKY PUBLIC SERVICE COMMISSION)	
vs.)	CASE NO. 8828
CALVERT INVESTMENTS, INC.)	

O R D E R

On January 24, 1983, Calvert Investments, Inc., ("Calvert") filed its application with this Commission in Case No. 8761, The Application of Calvert Investments, Inc., for an Adjustment of Rates Pursuant to the Alternative Procedure for Small Utilities, to increase its rate. Three parties moved to intervene in this proceeding and several letters from concerned customers of Calvert were submitted in opposition to the proposed rate increase. In its Order entered July 7, 1983, the Commission found that Calvert's annual revenue requirements were \$50,578 and that test period operating revenues were \$65,174. Thus, Calvert's annual revenues were \$14,596 in excess of its revenue requirements.

Calvert filed an application for rehearing on July 27, 1983, and the Commission found that it should be granted. The Commission's Order entered July 7, 1983, was modified and Calvert's annual revenue requirement was increased to \$54,674. Thus, Calvert's revenue requirement was found to be \$10,500 less than its test-period revenues in the Commission's Order of August 16, 1983.

The Commission also entered another Order on July 7, 1983, establishing this case, which directed Calvert to appear at a hearing scheduled August 9, 1983, and show cause why its rates should not be reduced.

By Order entered November 23, 1983, the Commission continued this case generally pending a decision in Case No. 8936, the application of sale and purchase filed by Calvert and the City of Minor Lane Heights ("Minor Lane").

By Order entered January 3, 1984, in Case No. 8936 the Commission authorized the sale of the sewer facilities owned by Calvert to Minor Lane.

On April 18, 1984, the Commission received a letter from Charles S. Musson, attorney for Minor Lane at that time, stating that the acquisition of the sewer system of Calvert by Minor Lane was on hold until the Louisville and Jefferson County Metropolitan Sewer District ("MSD") made a determination as to the expansion of the MSD sewer system throughout southwest Jefferson County.

At a formal conference held at the Commission's offices on August 7, 1984, statements made on behalf of Minor Lane indicated the closing of the sale to Minor Lane may not take place. By Order entered September 19, 1984, Calvert was to file within 15 days a statement on the status of the transfer and a statement explaining why the Commission should not revoke its approval of the transfer. Furthermore, Calvert was informed that, if the transfer did not occur within 30 days from the date of the Order, the Order issued January 3, 1984, approving the sale and transfer would be revoked.

In response to the Commission's Order of September 19, 1984, Minor Lane stated that acceptable financing had not been arranged and that it does not have the financial capacity to purchase or operate Calvert. Therefore, by Order entered November 2, 1984, the Commission rescinded its Order of January 3, 1984, and also ordered that the owners of Calvert continue to operate the treatment plant. On November 16, 1984, Calvert filed a motion for reconsideration of the Commission's Order of November 2, 1984. Therein, Calvert contended that Minor Lane had access to adequate financing and requested the opportunity to present evidence on this issue.

In its Order of December 5, 1984, the Commission granted Calvert's motion for reconsideration and set a hearing for January 8, 1985, which was subsequently rescheduled for January 22, 1985.

A hearing was held in the Commission's offices on January 22, 1985. At the hearing, Calvert and Minor Lane stipulated that Minor Lane is presently unwilling to purchase Calvert.

By Order entered January 31, 1985, the Commission affirmed its Order of November 2, 1984, which rescinded its original approval of the transfer on January 3, 1984.

The Commission, having considered the matter and being advised, is of the opinion and finds that this case should be scheduled for hearing for the purpose of receiving testimony as to whether the rates of Calvert should be reduced.

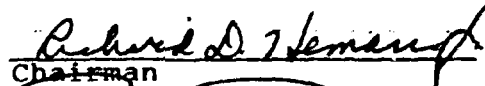
IT IS THEREFORE ORDERED that Calvert shall appear at the offices of the Commission on March 20, 1985, at 1:00 p.m., Eastern Standard Time, and show cause, if any it can, why its rates should not be reduced. The hearing will be held in Hearing Room No. 2 of the Commission's Annex Building, 677 Commanche Trail, Frankfort, Kentucky.

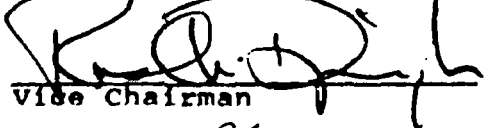
IT IS FURTHER ORDERED that Calvert shall give notice of the hearing as required by KRS 424.300 and, in the event notice is given by newspaper publication, the notice shall be published one time in a newspaper or newspapers of general circulation in the area served, the publication to be not less than 7 nor more than 21 days prior to the hearing. The notice shall include the date, time, place, and purpose of the hearing.

IT IS FURTHER ORDERED that 2 weeks prior to the date of the hearing set by this Order Calvert shall file its testimony in verified prepared form as to why its rates should not be reduced.

Done at Frankfort, Kentucky, this 12th day of February, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary